Achievement of Market-Friendly Initiatives and Results Program
(AMIR 2.0 Program)

Funded by
U.S. Agency for International Development

New Product Development and Launch
(Small Business Loan Product Assessment)

Final Report

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This report was prepared by Mr. Pedro Jimenez, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

List of Acronyms

AMC – Ahli Microfinancing Company

AMIR – Achievement of Market-Friendly Initiatives and Results Program

CHF – Community, Habitat,and Finance

JACP – Jordan Access to Credit Project

JD – Jordanian Dinar

JLGC – Jordan Loan Guarantee Corporation

JNB – Jordan National Bank

LO – Loan Officer

MFI – Microfinance Institution

MOP – Ministry of Planning

SME – Small, Medium Enterprise

USAID – United States Agency for International Development

Individuals Met During the Assignment:

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Ms. H. B. Lattouf, Secretary General, Ministry of Planning – MOP

Dr. J. Kattan, Chairman, AMC

Mr. G. Abuyaghi, General Manager, AMC

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Mr. M. Jawabreh, Loan Officer, AMC

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Mr. R. Jabba, Country Director, CHF

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Mr. F. Ejelat, Branch Manager, CHF

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Executive Summary

The notes and comments presented in this report, are in part, the results of research and experiences which have been accumulated, under the leadership of the AMIR Program, for the MFI industry and the market of micro and small enterprises in Jordan.

For this particular consultancy, the main objectives have been to assess the viability for AMC and JACP-CHF to introduce a new loan product to serve SMEs with loans between 10,000 to 25,000 JDs; evaluate the risk associated with these types of loans; to develop a loan prototype of this level to examine the conditions and degree of demand and acceptance by both the MFIs and the clients to test capacity of MFI to lend.

The market for the SME loans does not present a risk higher than that of the larger size loans for micro enterprises which are active clients of the MFIs. Only what is needed to minimize risks for this new market loan product is to be aware of the need for larger loans to be handled by selected, well-trained loan officers, capable of doing good financial analysis of the clients' business, cash flow statements, and collect all necessary information in order to minimize the risk of making a bad loan.

A new product of small business loan to be launched through MFIs already operating in Jordan, will require, among other things, to install a proper and adequate loan methodology, which combines banking discipline with the knowledge of the clientele, which is considered a strong asset already achieved by the micro credit institutions which will provide these SME loans.

This credit in the form of loans, to be offered to a large segment of the SME market of Jordan is expected to produce both tangible and intangible results of a great social and economical impact in both the SME business community and that of the clients they serve. Examples of some of the types of businesses already demanding this new loan product includes; plants recycling olive seed residuals; small educational and entertaining facilities for university students; computer schools; small water purification plants; and in general, hundreds and hundreds of common and unusual small enterprises, which are not considered potential clients of traditional formal banks.

New Product Development and Launch

Objective:

The purpose of this assignment is to assess the viability of AMC and JACP/CHF in Jordan to introduce a new product of loans between 10,000 to 25,000 JDs for SMEs

A. The Market View:

The market demand for loans in the range of 10,000 to 25,000 JDs is not satisfied from existing formal banking institutions in Jordan (see Appendix I regarding site visits survey).

Nine of ten clients visited, with actual loans between 6,000 – 10,000 JDs showed their needs for larger loans ranging between 14,000 – 30,000 JDs

Their reasons for preferring to be clients of the MFIs instead of a formal bank, were, among others: contacted by the MFI loan officers; less time taken for the loan approval and disbursement; friendliness of the loan officer; less collaterals and/or documents demanded.

B. Policies of The Lending Institutions:

? The Banks: Both the culture and the infrastructure of the formal banks operating in Jordan are not oriented towards facilitating loans to the market niche of small enterprises. A good indicator of it is the fact that loan officers in the banks seem comfortable staying behind their desks waiting for customers to approach them, instead of going to the small businesses to offer their products.

? The MFIs: Different than traditional banks, the loan officer of the MFI acts in a sort of vis-a-vis relation with the small enterprise client. This relation produces a good knowledge of the SME sector as well as knowing the actual and potential credit needs of the clients. Appendix II presents a chart tracing the initial contact through the actual disbursement of a loan.

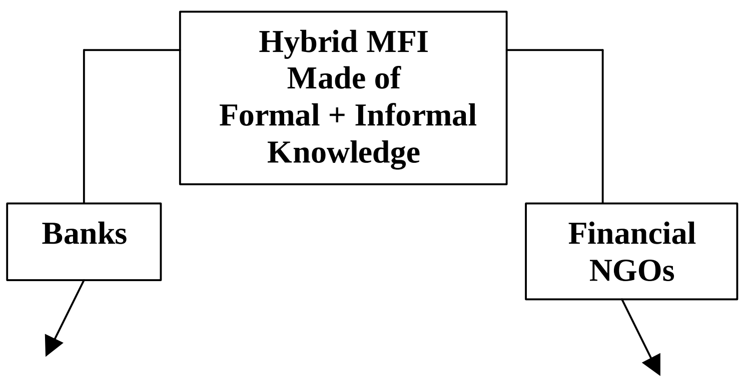
C. Loan Risk:

? The risk for MFIs to provide larger loans needed for SMEs is mainly on the internal structure of the institution instead of that of the clients. Experience reveals that a sort of <u>Hybrid Institutional</u> combining knowledge of the sector and the clients coming from the MFI together with the financial discipline and other instruments offered by traditional banking, could produce a viable and low risk loan product for a vast majority of small enterprises in Jordan. (Refer below to Exhibit 1)

The challenge for diminishing loan risk is the creation of a proper and adequate financial intermediation, flexible and creative, tailored to the SME client

The most important guarantees of SMEs loan repayments are the MFIs basic lending policies and the methodology used in making loans, together with systematic supervision of the borrower and how the credit is used. The assessment of the business made by the loan officer, the use of the loan and the quality of the borrower then form the basis for the loan repayment.

<u>Exhibit 1</u>



- financial discipline
- resources
- physical facilities
- security
- mgmt techniques

- knowledge of the sector
- low bureaucratic operations
- continuous follow-up of loans
- personal knowledge of the client character
- flexible approach

D. Recommended criteria for an MFI to access funds and provide loans for SMEs loans (10,000 to 25,000 JDs)

Financial intermediation to the small enterprise sector (SME) requires that the institution which is going to be responsible for the funds complies with minimum standards established, following best practices and procedures which will guarantee not only the best use of the funds, but also the maintenance of their real value, in order to guarantee future institutional continuity and the achievement of objectives and the outreach considered in the strategic plan of the intermediary.

The MFI must have:

? Audited financial statements
? By-laws documents (updated)
? A board of directors committed to the performance of the institution
? Clear definition of the target entrepreneurial group
? Institutional infrastructure capable of managing the operational and financial departments with transparency and following universal accounting principles
? To have established procedures for an adequate management and control of the loan portfolio:
  - Interest rates for the final clients equal or above prevailing formal banking rates in order to obtain and maintain self sustainability
  - To operate with a maximum of 4% delinquency of the loans portfolio
  - To demand and account for appropriate collaterals of each loan

Additional detailed criteria to monitor the performance of the MFI must be considered:

? Up-to-date financial statements
? Cash flow statements
? Risk analysis of the loan portfolio
? Financial analysis:
  - Actual financial cost
  - Operational cost
  - Capital cost
? Operational Efficiency
  - Personnel resources
  - Average number of loan officers
  - Average number of staff
  - Output data
    · Number of loans disbursed/year
    · Number of new clients/year
    · Cumulative amount lent
    · Average loan size
? Credit methodology
? Credit terms
? Organizational chart – administrative structure
? Management information systems
? Financial management
? Incentive structures
  - Relationship with other financial institutions
  - Relationship with governmental regulatory agencies
  - Relationship of the institution with donors

Notes:

1. As the documents presented by the MFI are analyzed, the leading institution may ask for additional information order to secure correct application and administration of the funds.
2. The active loan portfolio of the MFI client could serve as a guarantee of the negotiated funds.

E. Findings/Conversatory with Loan Officers and Managers of AMC and JACP/CHF

On April 25th a conversatory workshop was conducted by Pedro Jimenez to test the capacity of MFIs Loan Officers and Mangers of AMC and JACP/CHF and their understanding of the proposed loan product and to get their inputs for the new SME loan prototype. Following are results of the workshop.

According to the participants the types of SMEs demanding loans in the range of 10,000 to 25,000 JDs are as follows:

- Furniture stores
- Clothing stores
- Fabric of plastic
- Wood furniture makers
- Cotton for medical usage
- Clothing manufacturing
- Handicraft factories
- Small buses for transportation
- Internet cafes
- Computer schools and stores
- Grocery stores
- Restaurants
- Hair dressers
- Bakeries
- Mechanic shop

The participants indicated that some of the reasons SMEs do not go to commercial banks for loans is because Banks demand excessive or large collateral and that the majority of SMEs do not have established credit history required by banks. Contrary to the behavior of commercial banks, the participants summarized the reasons why SMEs prefer loans offered by MFIs. These reasons included the fact the MFIs are less bureaucratic and less paper documents are demanded, less guarantee is required, MFIs offer the personal approach and personal treatment received from the loan officer, and the loan and disbursement process faster than banks.

When asked for their input for establishing a solid loan SME product, the participant suggested the following:

- To assign best loan officers for those types of loans – specialized and trained personnel
- To secure enough funds for the loans basket
- To have an adequate MIS system
- To guarantee a continuous follow-up of the loans
- To establish and maintain systematic and well-structured procedures

Note: Materials delivered to the participants – see appendices III, IV

F. Loan Prototype

As a result of group discussions with both managers and selected loan officers of AMC and JACP-CHF, the following loan terms were developed for credit ranging from 10,000 – 25,000 JDs.

<u>**Target Clients**</u>**:**

SMEs in operation from the commercial, industrial and service sectors in Jordan

<u>**Terms**</u>**:**

<table>
<tr><th></th><th>Item</th><th>For Working Capital</th><th>For Fixed Assets</th></tr>
<tr><td>1.</td><td>Amount of the loan</td><td>Max. 10,000 JDs</td><td>Max. of 25,000 JDs</td></tr>
<tr><td>2.</td><td>Length of time</td><td>6-12 months</td><td>Up to 48 months</td></tr>
<tr><td>3.</td><td>Interest rate:
(declining balance)</td><td>18% / year</td><td>18% / year</td></tr>
<tr><td>4.</td><td>Fees – commission
(additional charge)</td><td>1%</td><td>1%</td></tr>
<tr><td>5.</td><td>Grace period
(If needed)</td><td>0</td><td>3-6 months</td></tr>
<tr><td>6.</td><td>Payments</td><td>Monthly</td><td>Monthly</td></tr>
<tr><td>7.</td><td colspan="3"><u>Collaterals</u>: For these types of loans the collaterals will be considered <u>case/case</u>. To consider a minimum collateral ratio of <u>JD1.3</u> for every <u>1 JD</u> to be loaned.

<u>Types of collaterals</u>: (either separately or a combination of them): mortgages; machinery or equipment; personal guarantor; banks CDs deposits; salaries transfer and post dated cheques.</td></tr>
<tr><td>8.</td><td colspan="3">Loan Approval Level Committee(s):
a) <u>For Loans up to 10,000 JDs</u>: Committee formed by Branch Manager, Financial Manager, and General Manager or Executive Director. At least two (2) must sign for the approval.
b) <u>For Loans ranging 10,000 – 25,000 JDs</u>: Same formula as stated for loans under 10,000 JDs, plus the approval and signature of a <u>Board Member</u>.</td></tr>
<tr><td>9.</td><td colspan="3">Others: Loans for start-up and agriculture will not be considered.</td></tr>
</table>

G. Observations/Recommendations and Statistics

G-1. Ahli Microfinancing Company (AMC)

? For board members:

- For the chairman and other board members to continue learning and understanding that micros and a large segment of Small and Medium Enterprise – SME – sectors of Jordan are not, at present, being served with loans made by the commercial banks.

- To become more flexible and to facilitate the opening of more branches, maintaining as long as needed, training for personnel and candidates for loan officers' positions.

? For executive management:

To review policies and positions of the organization that could be considered detrimental for the achievement of more and steadier productivity, such as:

- To establish an incentive program for loan officers based on performance and productivity; considering key indicators such as; number of active clients; portfolio at risk; size of their portfolio and amount of JDs. lent/month. Be sure to establish minimum and optimum acceptable production standards.

- To maintain training of middle-level management and specialized loan officers for SME loans (if needed)

- To revise and/or update personnel manuals and office procedures

- To prepare short, middle, and long-term plans for the achievement of a larger outreach and program efficiency

- To improve monitoring capacity of loan officers.

- To set up internal auditing and to hire the person for that position.

- To delay the use of the follow-up collection officer until the institution is certain that it is necessary. And when time comes, use a legal title and procedures. Make sure that loan officers do not use this position as a "dumping place" in order to maintain their incentives after making the bad loans.

? Proposed Indicators for Monthly Incentives for Loan Officers

	Indicator	% of Incentive
1.	Portfolio at risk	40%
2.	Number of clients	25%
3.	Size of the portfolio	25%
4.	JDs amount lent/month	10%

Note: Loan officer must achieve both 1 and 2 indicators in order to be eligible for incentives

? Statistics Collected for Larger Active Individual Loans through March 2002

Range – JDs	
3000 – 8,000	25
8001 – 14,000	13
Over 14,001	0
Total	**38**

? General Statistics for AMC through March 2002

Number of branches	2
Number of employees	30
Number of loan officers	18
Portfolio (JDs)	1,325,210
Total number of active clients Women Men	1032 508 524
Number of loans per month	55
Average number of loans/loan officer/month	3
Average size of loan portfolio/loan officer (JDs)	73,623
Average size of loan portfolio/employee (JDs)	44,174
Average loan size (JDs)	1,284
Average number of clients/loan officer	57

G-2. Jordan Access to Credit Project (JACP) / (CHF)

? <u>For CHF Washington:</u>

- CHF Washington, must consider to create and support a local Jordanian Board responsible not only of the performance of its local MFI but to look for preserving its institutional continuity in the country.

- To accept the inclusion of at least one more signature for all cheques, in addition to the one of the country director.

? <u>For Executive Management</u>:

To review policies and positions of the organization that could be considered detrimental for the achievement of more and steadier productivity, such as:

- To establish an incentive program for loan officers based on performance and productivity; considering key indicators such as; number of active clients; portfolio at risk; size of their portfolio and amount of JDs. lent/month. Be sure to establish minimum and optimum acceptable production standards.

- To eliminate the title of promoter given to a level of loan officers; to use only the LO title; and to specify which window or division of the MFI the loan officer is assigned to.

- To put into effect the new organizational chart and to delegate responsibilities.

- To maintain training of middle-level management and specialized loan officers for SME loans (if needed)

- To revise and/or update personnel manuals and office procedures

- To prepare short, middle, and long-term plans for the achievement of a larger outreach and program efficiency

- To improve monitoring capacity of loan officers.

- To set up internal auditing and to hire the person for that position.

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Note: Loan officer must achieve both 1 and 2 indicators in order to be eligible for incentives.

? Proposed Organizational Chart (see Appendix VI)
? Statistics Collected for Larger Active Individual Loans through March 2002

Range – JDs	
3000 – 8,000	47
8001 – 14,000	25
Over 14,001	0
Total	**72**

? General Statistics for CHF through March 2002

Number of branches	10
Number of employees	57
Number of loan officers	26
Portfolio (JDs)	3,101,421
Total number of active clients Women Men	3835 1266 2569
Number of loans per month	125
Average number of loans/loan officer/month	5
Average size of loan portfolio/loan officer (JDs)	119,285
Average size of loan portfolio/employee (JDs)	54,411
Average loan size (JDs)	1,034

Appendix I

Information Obtained from SME Clients

Charcoal Plant: Recycle olive seeds residuals to elaborate charcoal bricks
? Active Loan: (JDs) 10,000
? Needs for a larger loan and amount: (JDs) 4,000 for a new oven, 8,000 to buy land; 20,000 for a building
? Actual Number of Employees: 8 (started with the 2 owners)
? Reason(s) for being a client of the MFI instead of the bank: Less paperwork – faster – the loan was offered by CHF loan officer
? Other Comments:
- 12 years experience in the business
- actual gross sale of 500 JDs/day
- all the production is sold in Israel and the USA
- started the business with their own savings

Water Purification: Process and sales of purified water; sales of plastic bottles and coolers (sales and rentals)
? Active Loan: (JDs) 8,000
? Needs for a larger loan and amount: (JDs) 5,000 for a small delivery vehicle – 3,000 for working capital: total of 8,000.
? Actual Number of Employees: 3
? Reason(s) for being a client of the MFI instead of the bank: Faster loan issued – good personal treatment received from loan officer
? Other Comments:
- Total capital invested in business (actual) approximately 16,000 JDs. (50% from own savings, 50% loan from CHF)
- At present, provides water-bottling delivery to 130 clients.

Clothings: weaving and sewing
? Active Loan: (JDs) 10,000
? Needs for a larger loan and amount: working capital: line of credit of 5000 JDs for 3 months
? Actual Number of Employees: 10
? Reason(s) for being a client of the MFI instead of the bank: personal treatment received trust in his person and his business
? Other Comments:
- Gross sales of 100,000 JDs/year
- Used to be client of JNB – bank takes too much time for loan approval
- 12 years in operation

Computer School: school to teach the use of computers. Class size of 10 students – 5 groups attending classes
? Active Loan: (JDs) 14,000
? Needs for a larger loan and amount: Additional 10,000 JDs to buy more equipment; to include Internet server.

? Actual Number of Employees: 3
? Reason(s) for being a client of the MFI instead of the bank: Bank will not consider financing this type of business.
? Other Comments:
  - half of students are employees sent to the school by employers
  - for the morning, take street poor children without charge, started with 10 from 8 to 10 am

Internet Café: Cafeteria - lounge and typing and printing facilities for University of Yarmouk students (open 24 hours)

? Active Loan: l0,000 JDs
? Needs for a larger loan and amount: l0,000 additional to expand physical facilities
? Actual number of employees: l2
? Reason(s) for being a client of the MFI instead of the bank: lower interest, faster loan approval
? Other Comments:
  - Owner used to be activity director at the University; started own business in l996
  - Street in Irbid, Guinness record as the one with most internet cafes in the world

Tents and Carpets: Fabric of tents for weddings and special events and carpets and car seat covers
? Active Loan: l2,000 JDs
? Needs for a larger loan and amount: between 5,000 to 30,000 – express need for more capital to buy better material, to buy cash from supplier
? Actual number of employees: 4
? Reason(s) for being a client of the MFI instead of the bank: faster loan delivered; good monthly payments
? Other Comments:
  - 25 years in business

Clothing Store: Sells new and used clothes
? Active Loan: 6,000 JDs
? Needs for a larger loan and amount: 20,000 JDs to open a new location bought from the municipality of Irbid; 10,000 JDs for inventory, the other 10,000 JDs for a 2nd payment of building.
? Actual number of employees: 6
? Reason(s) for being a client of the MFI instead of the bank: N/A
? Other Comments:
  - Own savings of 15,000 JDs for start-up capital
  - Imports used clothes from the USA
  - Has advanced 5,000 JDs as down payment for new location

Leather and Fabric Shop: Fabric of suitcases and leather bags
? Active Loan: l4,000 JDs
? Needs for a larger loan and amount: 18,000 JDs: 6,000 for a used distribution vehicle and 12,000 for machinery and working capital

? Actual number of employees: 8 - (4 brothers and 4 others)
? Reason(s) for being a client of the MFI instead of the bank: never used loan from a bank
? Other Comments:
  - Pay rent on building – 2,000 JDs/year (previously used their home)
  - Three generations in the business – grandfather also present in the shop
  - Used samples made in China and Europe, as prototypes for their production
  - PRIDE of the family in place, and very strong!

Appendix II

MFI Loan Delivery System

Flow chart tracing initial contact with client through to actual disbursement of loan:

Flow Chart for Micro and SME Credit

LO visits potential applicant: explains loan terms and procedures

Potential client prepares eligibility requirements; LO gathers information of character and credit worthiness of applicant – cash flow and profit and loss statements

LO and the client complete loan application together. Client provides deeds and Guarantor pledges obtained.

Application is processed: up to 15 day wait for a new loan

Loan Approval: application, including LO appraisal, is assessed by appropriate Credit Committee. Further data may be solicited.

Approved applications with proposed terms of loan, legal papers and cheque are prepared

Approved applications passed to Financial Director. Loan data goes to the MIS system. Loan data input by Systems staff. Cheques are printed and borrower record entered.

Cheques are signed by authorized officer(s) and couriered to branches with documentation

Borrower is invited to branch for loan cheque. Procedures and regulations are reviewed. Clients sign loan contract.

LO makes follow-up visits to client (at least once per month). Verified loan use and the activity of the business

LO monitor monthly payments due dates of each of his clients

Client makes monthly payments at specified bank

Once loan has been fully repaid, clients eligible for subsequent loan. New loan amount determined by needs and payment performance on previous loan and repayment capacity.

LO performance is assessed to receive monthly bonus based on number of clients, portfolio size and repayment performance of clients.

Appendix III

Material for SME Loan Officer

Cash flow

Information for completing cash flow statement

The cash flow statement is used to project movement of cash into and out of the business each month. Cash can come in from cash sales, payments from debtors, cash contributions made by owners and from others (including loans or donations from family members and friends). Where sales are made on account, you will have to calculate when the cash is likely to be received. In the income statement all sales are recorded in the month they are made. For the purposes of the cash flow, these sales must be broken down to determine when the cash from sales will actually be recovered.

Finance obtained for fixed assets is not recorded as cash coming in, as they payment is normally made by the bank to the supplier.

Similarly, the cost of assets financed is not shown as cash out. However, the business may have to pay deposits on such finance and will have to pay the monthly installments on new assets purchased with bank finance.

If any assets transferred to the business by the owners are still being financed, these installments will have to be paid by the business. All installments payable are cash out. Some assets, such as small tools, are too small in value to be financed by a bank and have to be purchased for cash.

If you have opened accounts with your stock suppliers you will be paying for stock after you have received it (including your initial stock order). But remember, you will have to receive the stock during the month before you start trading and this will affect the timing of the payment. As with payments from debtors, you will have to calculate when payment is due in order to record it in the correct month as “cash out”.

Payment for monthly stock orders is assumed to be the same as your monthly cost of sales.

For the purposes of the cash flow statement, assume that your cost of sales in one month will be paid in the next (unless you have negotiated longer repayment terms).

We can assume, for the sake of simplicity, that all expenses recorded in the income statement are paid for in the month they are incurred. The total of all expenses can, therefore, be transferred from the income statement to the cash flow statement.

However, you will see that depreciation is not cash outflow, but a record of the cost of fixed assets deteriorating over time. Any other expenses in the income statement which do not results in an outflow of cash should also be deducted in the cash flow.

Provisional tax payments are due every three months. However, in the case of a new business it is unlikely that tax will be payable on any profit which may be shown in the income statement until the business has submitted an income tax return and has been assessed.

Once you have calculated the totals of all cash in and all cash out you can work out the closing balance of what the theoretical bank balance and ash on hand should be. The balance at the bottom must be carried forward as the opening balance at the beginning of the next month. In the month you start your business there is no opening balance in row A.

All the cash you may have made from earlier trading, and all the financial contributions made by yourself and your partners, is recorded in the row “Cash from owners”.

Be particularly careful to distinguish between negative and positive balances and in carrying them forward to the next month. We suggest that you put brackets around negative balances to highlight them.

Cash Flow Statement														
Year		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	**Total**
	Month													
Opening cash/bank balance	**A**													
Cash In														
Sales														
Owners														
Others														
Total Cash in	**B**													
Cash out: for capital items														
Deposits on installment sales														
Installments due (new assets)														
Installments on assets introduced														
Tools														
Fixed loan repayments														
Fixed assets bought for cash (list)														
Total of capital items														
For other items and expenses	**C**													
Payment to suppliers for initial stock														
Payments for monthly stock orders														
Total of monthly expenses (see Income &Exp Worksheet)														
Sales Tax														
Sub-total of other items & expenses														
Deduct non-cash expenses														
Depreciation														
Other (specify)														
Net total of other items & expenses	**D**													
Total Cash out (C+D)	**E**													
Closing bank/cash balance (A+B+C)	**F**													

Appendix IV

Material for SME Loan Officer

Analysis of an Enterprise

To understand better a production or service enterprise, one can divide it into three parts:

a) Inputs
b) Production Process
c) Market

During a visit to a business or enterprise, one receives a quick first impression of the business based on observing the production or marketing site. What is visible at first sight is only a part of the process, often that which is most visible is what gives a favorable or unfavorable impression. However, there are other parts of the business that have equal or more importance. The production process is only an intermediate stage between the initial and final stages. Just about anyone can assemble something, which leads us to ask some questions about the business cycle.

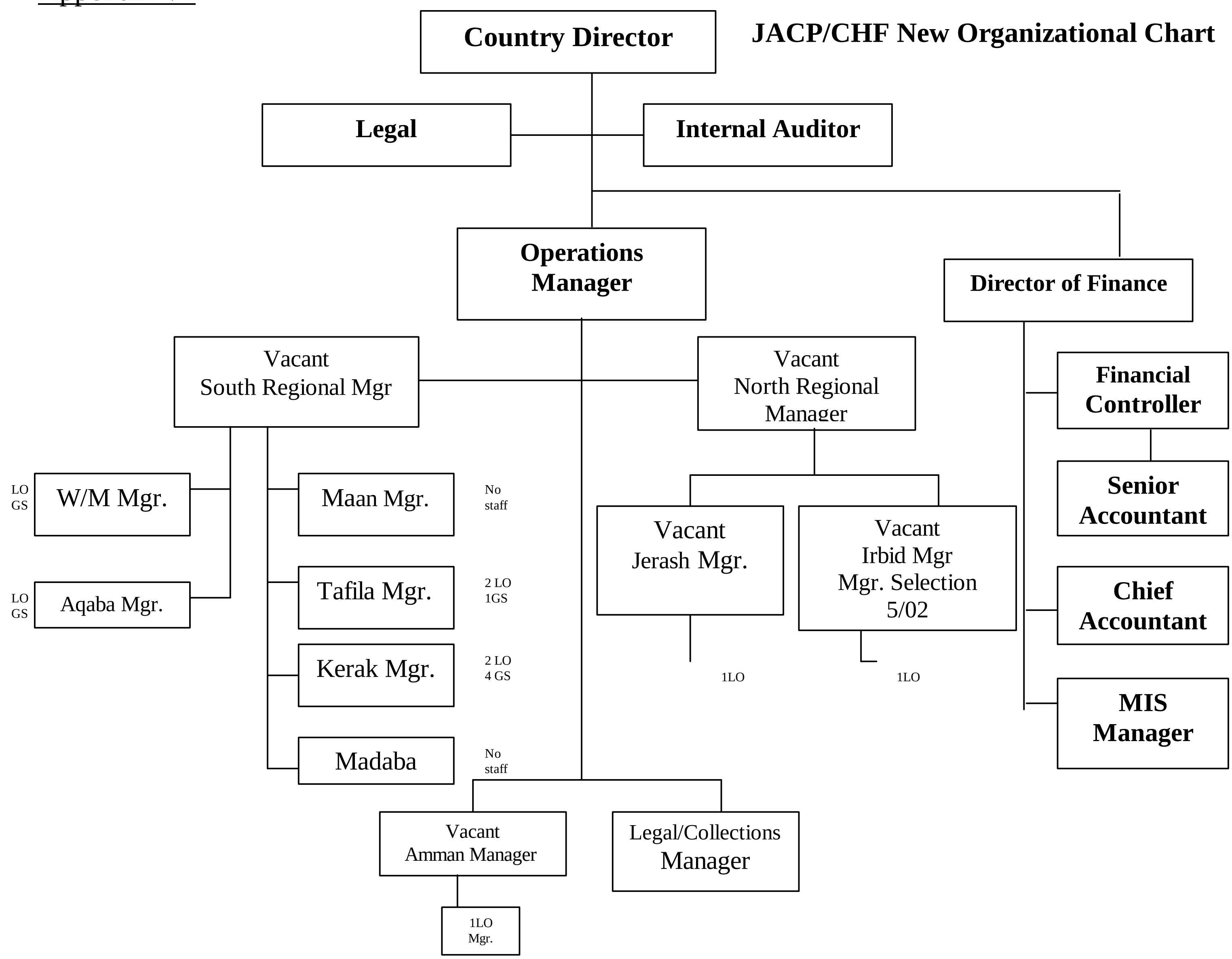
? How does an entrepreneur obtain materials or inputs for the business
? What is the end product and who will purchase what's been processed?

We think it is important that the credit officer, who is the first one making the decision to grant a loan, consider several factors. Without trying to reduce the importance of the "production process" or "business outlet", or part B of the whole, we consider of some importance, and maybe the most important, the analysis of the variables that occur in the total process, namely parts A and C, inputs and market.

Together with the financial and cash flow statement, we should give importance to essential elements of variables A and C, so we are better able to understand the enterprise and reduce the risks of granting the loan.

Variable A **(Inputs)**		**Variable C** **(Market)**
? **Materials** - Origin - Availability - Costs - Ease of acquisition - Suppliers - Substitutes - Selection of materials - Quality - Rationalization ? **Machinery** - Condition - Capacity - Obsolescence ? **Storage** - Raw materials - Products in process - Finished goods ? **Physical space/infrastructure** ? **Electrical energy** ? **Purchasing** - In cash - With credit ? **Human Resources** - Availability - Turnover - Salaries - Health - Work environment - Qualifications ? **Management** - Managerial capacity - Personal habits - Physical health of owner - Planning - Industry vision ? **Family** - relationships - members in the business ? **Sectoral linkages** ? **Liquidity** ? **History**		? **Demand** ? **Competition** ? **Knowledge of the Market** ? **Mean of selling** - Credit - Cash ? **Size of the Market** ? **Consumers** - Type - Level of spending ? **Channels of distribution** ? **Location of the market** ? **Market segmentation** ? **Rotation of inventory of finished products (sales cycle)** ? **Who sells** ? **To whom to sell** ? **Speculation** ? **Dependency** ? **Publicity** ? **Products** - Quality - Presentation - Price ? **Innovation** ? **Substitutes for goods** ? **Psychology/consumer habits**

Appendix VI


Country Director
JACP/CHF New Organizational Chart
Legal
Internal Auditor
Operations Manager
Director of Finance
Vacant South Regional Mgr
Vacant North Regional Manager
Financial Controller
Senior Accountant
Chief Accountant
MIS Manager
LO GS
W/M Mgr.
LO GS
Aqaba Mgr.
Maan Mgr.
No staff
Tafila Mgr.
2 LO 1GS
Kerak Mgr.
2 LO 4 GS
Madaba
No staff
Vacant Jerash Mgr.
1LO
Vacant Irbid Mgr Mgr. Selection 5/02
1LO
Vacant Amman Manager
1LO Mgr.
Legal/Collections Manager